genpact

Transformation Happens Here

Don't waste a crisis

Building supply chain resilience and preparing for a post-COVID-19 world

Supply chains will never be the same again

Global supply chains are being severely tested as they respond to COVID-19. But this disruption has only magnified the changes in consumer behavior, the under-investment in supply chain tools, technology, and people, and the chasm between supply chain, sales and marketing, and finance functions.

Effective immediate responses will keep businesses trading-rationalizing SKUs to meet demand spikes, reconfiguring plans to cut costs where demand has fallen, and sourcing business-critical parts to keep operations running.

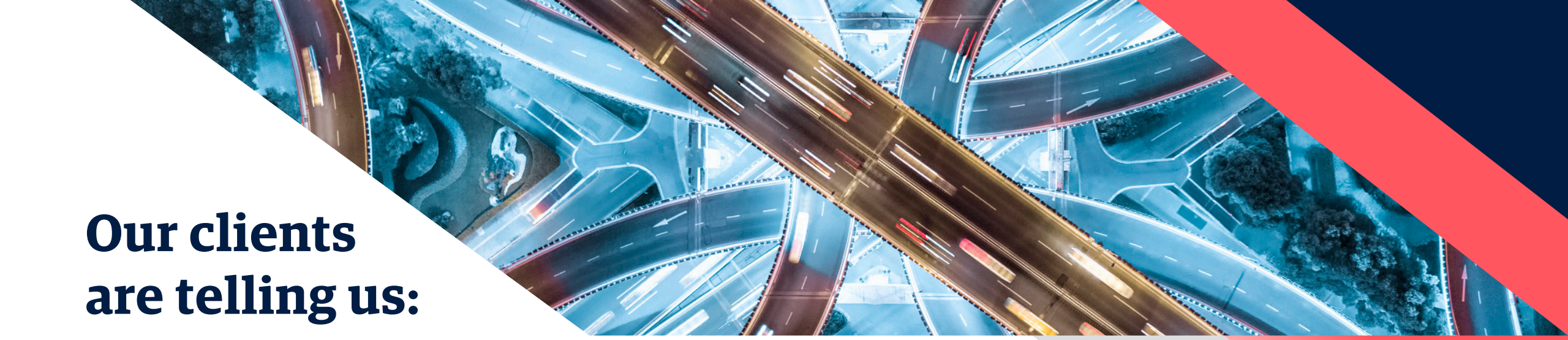
Supply chain leaders have proved their worth. Now they must adapt to the uncertainty of an economic downturn and build resilience against future disruptions.

Supply chain has a seat at the table

Whatever the new normal looks like, supply chains must seize this opportunity to move from executors and a cost center to a source of competitive advantage that unlocks operational margins.

They must embrace connected planning with procurement and finance, making supply chain recommendations based on P&L outcomes that maximize working capital.

It's time for supply chains to go on the offense to drive out complexity, harmonize plans, and build agility.



Our clients are telling us:

> *We sold 1 month of inventory in 10 days and it will take the rest of the year to build up the stock.*

> *Our sales moved from fountain soda syrup in bars/restaurants to 30-pack cans.*

> *SKU rationalization is happening on the fly... reduced 30% SKU count in a week.*

> *It takes 27 people now to update customer orders vs. 1.*

> *Our loads have increased from 2,000 a day to 3,000 a day.*

> *We now have to identify critical parts required to keep the lines running 3 shifts a day across 30 plants.*

Supply chains are under fire on all fronts

Plan
Demand & Inventory

- Existing supply chains not equipped to cope with scale and pace of disruption
- Shifts in consumer behavior and government regulations are dramatically altering demand, making existing forecasts obsolete
- Constrained supply resulting from surge in consumer demand and/or limited supply of materials and critical components
- Increased need to assess ongoing risk analysis, scenario analysis, proactive issues identification and correction action planning

Make
Manufacturing Optimization

- Limited visibility to monitor supply of critical components and suppliers to enable proactive issue identification
- Delays in supply of goods for production – no PO update, deferment of supply, delays in expediting
- Risk of production shut downs due to shortage of critical components
- Plant closures due to labor shortages and/or quarantine orders
- Limited pool of alternate suppliers: challenges in sourcing/identifying alternate suppliers to continue with production schedule and demand

Deliver
Logistics & Fulfillment

- Labor and driver shortages
- Consumer behavior shift to e-commerce orders and preference for home delivery options
- Travel restrictions and delays resulting from increased screenings and cleaning of shipments
- Increased need to validate risk analysis, validate business continuity actions for supplier capacity, logistics, fulfillment
- Surge in transactional work in industries experiencing a spike in product demand

Aftersales
Parts & Service

- Absence of automated tools or bots which can provide insight to plant personnel to interact with the critical part database and display relevant critical part information to resolve part shortages
- Part shortages and disconnected dealers result in parts hoarding resulting in increased delays and reducing service levels
- Limited pricing models to address dynamic market, price performance due to reduced supply from China

The choices you make today will shape tomorrow

Organizations must identify which supply chain responses will make the biggest difference in the short-, medium-, and long-term based on business impact. How you respond now will guide future investment and transformation. Define:

- What's the most pressing issue? Cost or revenue?
- Are you shaping supply or demand?
- What will your new normal look like?

Responses must be fast, concurrent, and connected across the enterprise. They should align to this new future, but long-term transformation can start at the same time that quick fixes are relieving short-term pressures.

Responding to these challenges will be an iterative process for finding short-term quick wins and then stabilizing the business

Shape supply

Reduce cost and complexity

- Balance variables such as manufacturing, transportation, warehouses, and planning cost structures
- Rationalize SKUs
- More conservative inventory strategies
- Simplify networks and leverage 3PLs
- Global product redeployment and allocation
- Streamline production and prioritize leading SKUs to reduce changeovers

Iterative execution, learning, and adjustments

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Analytics and automation

Shape demand

Maximize sales

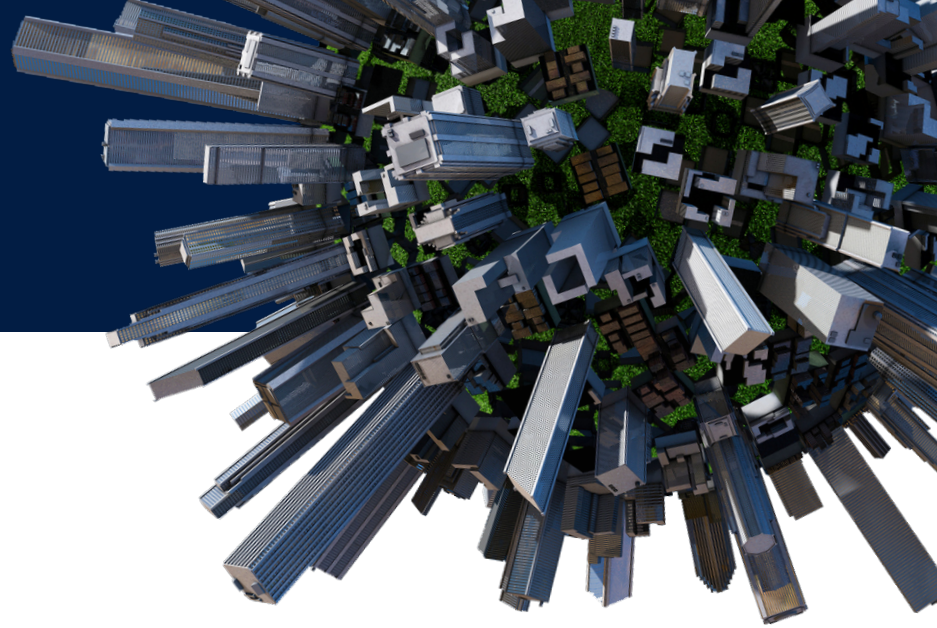
- Incorporation of price elasticity modeling and consumer sentiment to move inventory
- Evaluate and model channel, promotions, and customer stability (for B2B) in building plan
- Simplify total product offering and allow higher volatility items to be consumed out
- Monitor and adjust real time and online maximize return and model P&L implications
- Design direct to consumer and e-commerce supply chain resiliency to address the new normal

Supply-shaping initiatives that reduce costs and complexity while improving speed and agility

Focus Areas	Activities
Transportation management	▪ Benchmark transportation operations and spend to drive out cost ▪ Forecast transportation needs by SKU, lane, and so on ▪ Optimize spot versus contract rates ▪ Best carrier/mode selection
Network redesign	▪ Redesign your networks for both the current and the new normal ▪ Shift to align to new supply plans and demand sources ▪ Evaluate risk and cost with new lens ▪ Prepare to handle volatility with increased responsiveness
Visibility	▪ Global visibility, track and trace ▪ Proactive alerts and responses ▪ Predictive delays and shortages
SKU rationalization/ Portfolio management	▪ 80/20 rule applies to demand AND complexity ▪ Define and model the attributes of the tail ▪ Analyze impact of each SKU but segment which to keep or retire ▪ Test innovation and promotion strategies to launch new SKUs/markets ▪ Enable consensus building and decision process across all stakeholders
Inventory redeployment	▪ Manage changes and volatility in demand drivers and patterns ▪ Redeploy excess and obsolete inventory ▪ Maximize automation across supply and demand planning systems

Demand-shaping initiatives that maximize sales and margin growth

Focus Areas	Activities
Forecasting	▪ Generate and monitor stat forecast with new data and new approaches ▪ Model best statistical approach by SKU, segment, channel, and region ▪ Manage outliers/inputs, assess accuracy, and tune stat models
Demand planning	▪ Model demand plans for strategies and decisions with fast learning and response ▪ Enable consensus building and visibility across all stakeholders ▪ Collaborate to improve demand signal and shaping opportunities
Promotions management	▪ Model and assess promotions strategy ▪ Track promotions performance with a built-in process for adjustments ▪ Coordinate and manage execution with supply chain to ensure readiness and cost management ▪ Collaborate with channels to tune and execute including financial transactions and audits
Channel management	▪ Simulate channel plans and priorities for sales, supply, and margin goals ▪ Evaluate the performance, ROI, and trends of each channel/market/segment ▪ Coordinate demand and availability plans and status with channel to align and manage ▪ Demand shaping
Supply chain alignment	▪ Evaluate and model orders and delivery based on readiness and capacity ▪ Order management, promising, cuts, fulfillment, and allocation ▪ Analysis of S&OP drivers and KPIs to improve process and decision alignment



How we're building resilience for clients during COVID-19

Shaping supply

- We're helping a manufacturer of energy-management systems assess multiple demand-supply scenarios, reviewing its ability to fulfill constrained-supply scenarios, and improving its available-to-promise inventory
- The parts dealer strategy and platform we implemented for an agricultural OEM is providing vital insights to see, balance, and utilize parts across its dealer network and increase asset uptime in a time of parts-supply disruption
- Automation has solved critical parts disruption for a global transportation and logistics provider. We launched 6 bots in 4 weeks and delivered a 55% gain in productivity

Shaping demand

- We're helping a major construction-materials producer assess pandemic-spread patterns at a granular level and adjusting its demand forecasts and demand-supply balancing actions
- After adding headcount to a consumer and professional products manufacturer's supply chain team, we're now implementing automation to manage a big increase in demand and order fulfilment. Deploying 10 bots to deliver 20 FTE worth of automated effort
- Our existing implementation of supply planning software for a pharma company is managing both a sharp increase and decrease in demand for different products. Demand signals are quickly aligning material purchase, capacity planning, and logistics planning

Partner with Genpact to transform your supply chain

Genpact increases customer success, maximizes revenue, and reduces cost and risk through better end-to-end management of data across complex global supply chains.

The world's largest companies trust us to transform and run their supply chains, connecting every element of the extended value chain that drives business success including supply chain planning, trade promotions, order management, logistics, and production.

Our dedicated supply chain practice gives us an inimitable advantage; we are one team, made up of over 17,000 industry, technology, and operational experts.

We not only design and implement supply chain transformation using our deep process knowledge across multiple domains, but we also have the scalability, digital capabilities, and trust of our customers to run supply chain operations like no other.

End-to-end data management

Connecting **extended value chains**

17,000 industry and technology experts

Deep process knowledge across industries

Mike Landry
Global Supply Chain Service Line Leader

Andreas Baader
EU Supply Chain Service Line Leader

Michael Ciatto
Global Supply Chain Solutions and Services Lead

Wolfgang Schürholz
Managing Partner, Supply Chain Service Line, Europe

Find out more about our supply chain services here or get in touch at letschat@genpact.com

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally enabled intelligent operations for our clients, guided by our experience running thousands of processes primarily for Global Fortune 500 companies. From New York to New Delhi and more than 30 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. Transformation happens here.

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